

The transition to alternative proteins continues

... accelerated by consumers motivated by healthier diets and having a positive impact on climate

- More than 30% of consumers would fully switch their diets to alternative proteins to make a positive climate impact, reports the first BCG and Blue Horizon multi-market survey of alternative proteins.

Dramatic, above-inflation price increases for animal-based products over the course of the pandemic led to an unprecedented spike in the sales, funding, and public awareness of the alternative protein sector. Increasing global concerns about food security and climate impact have further fuelled this development. With 25% of global greenhouse gas emissions caused by the food value chain, the shift to alternative proteins may be the most capital-efficient and high-impact solution to addressing the climate crisis.

Projected to represent at least 11% of all meat, seafood, eggs, and dairy consumed globally by 2035, alternative proteins will save 3x the emissions for each dollar invested compared with the next-best tool in the box – decarbonising cement – according to a forthcoming report from Boston Consulting Group (BCG) and the impact investor Blue Horizon.

The report, *The Untapped Climate Opportunity in Alternative Proteins*, presents findings from a survey of more than 3 700 consumers in seven countries (China, France, Germany, Spain, United Arab Emirates, United Kingdom, and the United States) regarding their reasons for trying alternative proteins and the inhibitors that keep them from buying even more. Three-quarters of survey respondents cited a healthier diet as

their primary motivator for consuming alternative proteins, while more than 30% of consumers would fully switch their diets to alternative proteins if they believed doing so would have a major positive impact on climate.

Across all markets surveyed, consumers view alternative proteins positively: 76% are aware of the category, and approximately nine out of ten said they like at least some of the alternative-protein products they have tried.

While consumers in China and Germany are the most willing to pay close to parity with protein equivalents, no consumer in any region is willing to pay a premium for alternative proteins that match meat for taste, texture, and nutrition – a price premium requires value add.

“Nearly one in three people across the world



are plagued by food insecurity. Coupled with the impact of the continued geopolitical crises on the supply chain and food prices, there is immense pressure on the global food system,” says Ben Morach, a BCG managing director and partner.

“Pivoting away from animal-based proteins will lead to shorter, more resilient, and potentially more local supply chains. Widespread adoption of alternative proteins can remove the risk of supply chain disruptions and play a critical role tackling climate change, with consumers playing a key part in propelling this transition.”

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technology allows for increasing innovation. We’ve seen the fast-paced development of these technologies in our own portfolio as well as the wider food-tech industry, leading to an overall better consumer product range.

“This is great news for today’s consumers, but we’re just at the beginning, really.

Bjoern Witte, CEO of Blue Horizon, adds: “The products consumers are seeing on the shelves today will be followed by a wave of cleaner, healthier, and tastier alternative proteins, as

Future generations will benefit greatly from the demonstrable impact this will have on the environment, as shown through our analysis of climate data.

Research shows that consumers like alternative proteins

76%

of consumers are familiar with alternative proteins

50%

of experienced users increased their consumption of alternative proteins during the pandemic, mainly because of greater health consciousness

+100%

is the potential increase in exclusive or near-exclusive users if the main inhibitors – health and nutrition, taste, and safety – are resolved

0%

of consumers are willing to pay a price premium at taste parity, without value added over conventional animal protein

31%

of consumers consider a major positive impact on climate as a primary reason to fully switch their diet to alternative proteins

Source: Blue Horizon and BCG Customer Survey (February–April 2022, N = 3 729), BCG analysis

“This is the second report from BCG and Blue Horizon confirming that protein transformation is the most capital-efficient way to avoid emissions and deliver Impact of Capital Employed (IoCE). If we reach 11% market penetration by 2035, which is our goal, we could save more carbon emissions than decarbonising 95% of the aviation sector. The positive impact is absolutely massive, and secular drivers have never been stronger – the time to invest is now.”

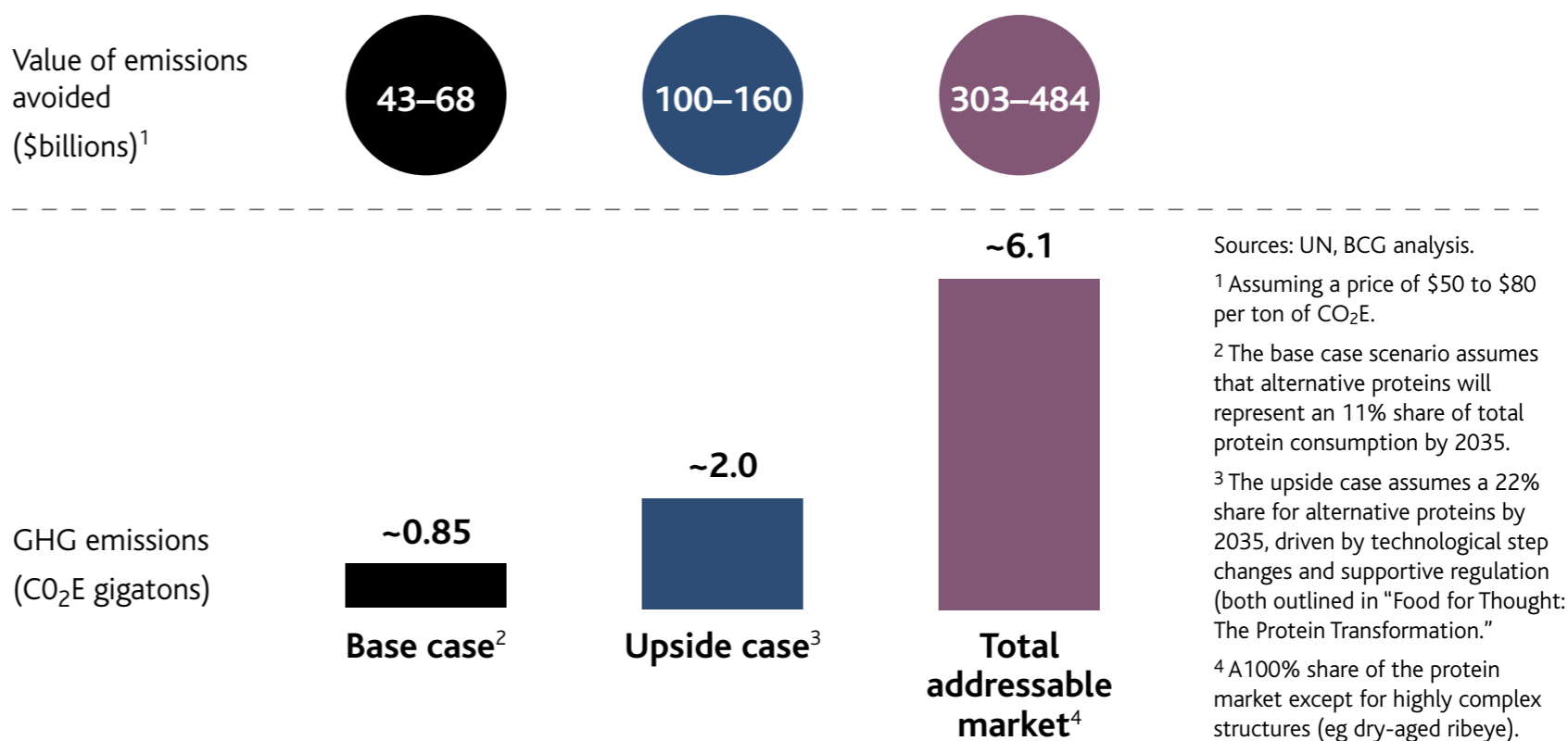
An acceleration in funding

Capital invested in alternative proteins rose at an annual rate of 124%, from \$1 billion in 2019 to \$5 billion in 2021, with investments in fermentation and animal-cell-based companies leading the way. Investment in alternative proteins is increasingly global. Middle East funders, which tend to focus on animal-cell-based investments, made up 11% of worldwide investment in alternative proteins last year while APAC investment, fuelled by plant-based deals, increased by 92%.

For investors, a key finding of the report is the fact that investments in plant-based proteins are more CAPEX-efficient with regard to carbon dioxide and methane emission reductions than in any other industry. Plant-based protein market penetration as forecasted in the *Food for Thought* base case would save 0.85 gigaton of emissions by 2035. This savings potential is equivalent to decarbonising a majority of the aviation industry. Investing in plant-based proteins has the highest emission savings per invested capital – at least

Alternative proteins could eliminate up to 6.1 gigatons of GHG emissions, representing a potential savings of \$303 billion to \$484 billion

Emission savings potential in 2030 from replacing animal-related proteins with alternative proteins



Sources: UN, BCG analysis.
¹ Assuming a price of \$50 to \$80 per ton of CO₂E.
² The base case scenario assumes that alternative proteins will represent an 11% share of total protein consumption by 2035.
³ The upside case assumes a 22% share for alternative proteins by 2035, driven by technological step changes and supportive regulation (both outlined in “Food for Thought: The Protein Transformation.”
⁴ A 100% share of the protein market except for highly complex structures (eg dry-aged ribeye).

twice as effective as investments in cement, iron, steel, chemicals, or transport. Blue Horizon developed a proprietary impact framework whereby every investment is assessed via a theoretical impact value, allowing the company to calculate a precise IoCE.

Significant progress in the regulation of alternative proteins

Sensible and effective regulation is imperative to ensure that the rapid innovation and growth of the alternative protein market deliver safe, healthy,

and transparent food to customers. There has been an acceleration, around the globe, to provide regulatory approval for fermentation-based and animal-cell-based products. In 2015, Israel led the way by announcing that its novel framework for regulating food safety would apply to alternative proteins. And in its latest five-year plan released in January 2022, China acknowledged the need to “expand beyond traditional crops, livestock, and poultry to more abundant biological resources” and made animal-cell-based meat and other alternative proteins part of its food security strategy. **SR**

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